

Multiple Agency Fiscal Note Summary

Bill Number: 5397 SB	Title: Plastic packaging
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Ecology	0	0	0	296,539	0	78,897
Total \$	0	0	0	296,539	0	78,897

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	4.3	0	1,055,473	1.2	0	315,167	.3	0	78,897
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	4.3	0	1,055,473	1.2	0	315,167	0.3	0	78,897

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 53915

FNS029 Multi Agency rollup

Prepared by: Linda Steinmann, OFM	Phone: 360-902-0573	Date Published: Final 1/30/2019
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note
FNPID: 53915

Individual State Agency Fiscal Note

Bill Number: 5397 SB	Title: Plastic packaging	Agency: 090-Office of State Treasurer
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/18/2019
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/20/2019
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/20/2019
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/23/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SB 5397 creates the responsible plastic packaging stewardship account, coupled with the general fund as the recipient of the earnings from investments.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. Two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings. Based on the November 2018 revenue forecast, assume approximately \$27,200 in FY 20, \$32,500 in FY 21, \$33,300 in FY 22, and \$34,300 in FY 23 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5397 SB	Title: Plastic packaging	Agency: 215-Utilities and Transportation Commission
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Part I: Estimates

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No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/18/2019
Agency Preparation: Melissa Hamilton	Phone: 360 664-1158	Date: 01/23/2019
Agency Approval: Jon Noski	Phone: 360-664-1209	Date: 01/23/2019
OFM Review: Alyssa Ball	Phone: (360) 902-0419	Date: 01/23/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

The legislation is focused on creating a plastic packaging take-back/end-of-life management program for producers of plastic packaging to create innovation incentives, package design, promotes recycled content use and ensures funding for collection, sorting and reprocessing.

Sec. 3 Timeline of Program:

Beginning January 1, 2022, a plastic packaging producer may not sell or distribute plastic packaging in the state unless they are in a plastic packaging stewardship organization.

By June 1, 2021, each producer must submit a plan or ensure a stewardship organization submits a plan to the Department of Ecology (ECY).

After July 1, 2022, a stewardship organization must implement its plan no later than 3 months after ECY approves the plan.

Sect 4 Overview of the Stewardship Organization Plan:

Highlighted areas of the section include description of packaging categories, baseline data, goals, and details related to the ECY review of the plans.

Sec 5 Access:

Overview of the requirement of stewardship organizations to provide widespread convenient access to collection. Included in the bill are curbside collection, depot drop-off and retailer take-back.

Collection options must include curbside or multifamily recycling collection services provided by municipal and tribal programs, and solid waste collection companies regulated by the Utilities and Transportation Commission (Commission) if:

- a) The category of plastic packaging is suitable for curbside or multifamily recycling collection and can be effectively sorted by the facilities receiving the curbside collected material;
- b) The provider of the curbside or multifamily service agrees to include the category of plastic packaging as an accepted material;
- c) The plastic packaging category is not handled through a deposit and return scheme or buy back system that relies on a collection system other than curbside or multifamily collection; and
- d) The provider of the curbside or multifamily service agrees to the product stewardship program compensation arrangement.

Curbside collection options for plastic packaging categories destined for disposal may be provided only by municipal programs, municipal contracted programs, or solid waste collection companies regulated by the Commission.

Sec 6 Product Stewardship Program Overview:

Briefly, the section covers environmental requirement policies related to the collection and end-of-life management of plastics.

Included in the section is incentive language allowing economic instruments and other measures to make certain the waste management hierarchy outlined in the bill is applied to plastics.

Sec 8 Outreach and Education:

The product stewardship program must provide outreach, education, and communications regarding reuse, collection, and prevention of litter of plastic packaging. Outreach must include:

- (1) Consulting on education, outreach, and communications with the product stewardship program's advisory committee and other stakeholders;
- (2) Coordinating with and assisting local municipal programs, municipal contracted programs, solid waste collection companies regulated by the Commission, and other entities providing services to the product stewardship program;

- (3) Developing and providing outreach and education to the state's diverse ethnic populations, through translated and culturally appropriate materials, including in-language and targeted outreach;
- (4) Establishing consumer web sites and mobile applications that provide information about methods to prevent plastic packaging pollution and how consumers may access and use collection services;
- (5) Working with product stewardship program participants to label plastic packaging with information to assist consumers to responsibly manage plastic packaging;
- (6) Determining the effectiveness of outreach, education, communications, and convenience of services, including to diverse ethnic and rural and island communities by conducting focus groups and characterization studies, surveying, cart studies, and other means.

Sect 12 is a requirement for updates to the plan two years after implementation and every 5 years thereafter.

Sect 13 deals with annual reports to ECY beginning April 1, 2023

Sect 15 outlines the establishment of an advisory committee to include ECY, cities, counties, public sector recycling and solid waste industries, private sector recycling and solid waste industries, plastic feedstock users, public place litter programs, freshwater and marine litter programs, environmental organizations and tribes.

Sect 17 is the ECY approval and denial standards of a plan

(2) Services subject to regulation by the Commission that receive payment for collection or sorting services under this chapter must report payments made by stewardship organizations or relevant cost reductions related to their management of plastic packaging due to the stewardship program to the Commission in relevant rate filings under chapter 81.77 RCW. Nothing in this section limits the authority of the Commission to set and adjust rates for services regulated by the Commission.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No Cash Receipt Impact.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Sections and issues related to Commission activity will be handled within the existing process and will generate no relevant fiscal impact.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

No Capital Budget Impact.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No Required Rule Changes.

Individual State Agency Fiscal Note

Bill Number: 5397 SB	Title: Plastic packaging	Agency: 461-Department of Ecology
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Responsible Plastic Packaging Stewardship Account-State NEW-1				296,539	78,897
Total \$				296,539	78,897

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	6.0	2.7	4.3	1.2	0.3
Account					
State Toxics Control Account-State 173-1	712,508	342,965	1,055,473	18,628	0
Responsible Plastic Packaging Stewardship Account-State NEW-1	0	0	0	296,539	78,897
Total \$	712,508	342,965	1,055,473	315,167	78,897

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/18/2019
Agency Preparation: My-Hanh Mai	Phone: 360-407-6996	Date: 01/30/2019
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/30/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 01/30/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Under current law, the Department of Ecology (Ecology) is not directly involved with regulating plastic packaging. There are currently three existing product stewardship laws that Ecology oversees: electronics, mercury containing lights, and solar panels. There is also a product stewardship program for pharmaceuticals, which Department of Health administers. All of these existing programs are of much smaller scope than the one for plastic packaging proposed in this bill.

This bill would create a product stewardship program for plastic packaging that Ecology would be required to administer.

Section 3 would prohibit a producer of plastic packaging from selling, offering for sale, or distributing plastic packaging in Washington State, beginning January 1, 2022, unless they are participating in a stewardship organization with a plan approved by Ecology. Each producer would be required to submit a stewardship plan by June 1, 2021. After July 1, 2022, a stewardship organization would be required to implement its plan no later than three months after plan approval. Certain small producers and retailers would be exempt from this ban.

Section 4 would require a Product Stewardship Organization (PSO) to submit a stewardship plan to Ecology that describes the management of plastic packaging according to the program elements (a) through (m) in this section.

Sections 5 through 9 would require the product stewardship organization (PSO): to provide convenient collection including rural and island communities, outreach and education, and processing and sorting requirements; to prevent and clean up litter; and establish and implement a postconsumer recycled content trade credit mechanism.

Section 10 would require producers to pay all administrative and operational costs to establish and implement the plastic packaging stewardship program, including reimbursing Ecology for program oversight costs.

Section 11 would require a PSO to structure program charges with financial incentives to reward waste reduction and recycling for their plastic packaging. Subsection (3) would authorize Ecology to approve the removal or reinstatement of incentives.

Section 12 would require a PSO to update its stewardship plan and submit the plan to Ecology two years after the program begins, and then every five years thereafter. Ecology would determine when plan changes require an amendment, and would have ninety days to review amendments and send a letter of approval or disapproval, along with reasons for the latter.

Section 13 would require a PSO to submit an annual report to Ecology beginning April 1, 2023, and each April 1st thereafter.

Section 14 would require at least twenty-five percent post-consumer recycled content in certain products. Beginning January 1, 2023, only rigid plastic packaging containers and plastic film bags containing at least twenty-five percent postconsumer packaging material could be authorized for sale, offered for sale, or distributed for use. Beginning January 1, 2020, only plastic collection bins made from at least twenty-five percent postconsumer plastic recycled content could be authorized for sale, offered for sale, or distributed for use.

Section 15 would require a PSO to create an advisory committee that represents a wide range of interests, including at least one representative from Ecology, city/county local government, recycling and solid waste industries, and other stakeholders.

Section 16 would specify how Ecology is to get paid by the PSO for administering and enforcing the stewardship program. In consultation with legislative committee staff, Ecology assumes the following schedule for PSO payments to Ecology to cover its costs. [Please note, sections 16(1) and 16(2) appear inconsistent with the rest of section 16, and appear to contain errors in sequencing.]

By January 1, 2022, each stewardship organization would be required to submit a \$200,000 payment to cover Ecology's start-up costs, such as rulemaking and initial program oversight.

By June 30, 2022, the stewardship organization would be required to submit the first annual payment, and would be required to submit payments annually thereafter. It is assumed that Ecology would provide the estimate of these costs by April 1, 2022, and by April 1 each year thereafter

Beginning April 1, 2023, and annually thereafter, Ecology would be required to determine and notify the stewardship organization of the annual costs in the prior year. Ecology's proposed costs would be available for public review and comment for 30 days.

Section 17 would require Ecology to review submitted plans within 120 days of receipt, provide notice of plan review determination, make plans or plan amendments available for public review and comments for 30 days. Ecology would be authorized to impose a civil penalty. It would require Ecology to adopt rules for plan contents and the process used to determine Department costs, and proportion them between PSOs. It would also allow Ecology to write rules for implementing, administering, and enforcing this chapter.

Section 18 would recommend that local governments invest ten percent of cost savings resulting from this bill toward reducing the use of single use plastics, and to use further cost savings to reduce service costs to customers.

Section 19 would create the Responsible Plastic Packaging Stewardship Account to be used by Ecology only for implementing, administering, and enforcing this chapter. Funds in the account may only be spent after appropriation.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 16 Plastic Packaging Stewardship Administration Fee: Ecology assumes that the annual fee would be collected from one Product Stewardship Organization. Fee collection would equal the estimated cost to Ecology for administering and enforcing the plastic packaging stewardship program as outlined in the bill. The fee would be collected into the Responsible Plastic Packaging Stewardship Account beginning in FY 2022.

In FY 2022, the stewardship organization would be required to submit a \$200,000 payment for Ecology's start-up costs by January 1, 2022. In FY 2023 and subsequent years, the stewardship organization would submit annual payments to cover Ecology's costs.

Note: Under Section 16, the stewardship administration fee would begin in FY 2022, therefore there would be

no fund balance or cash in the account to fund Ecology's costs in FY 2020 and 2021, so the costs in those years would be in State Toxics Control Account-State and not recovered under the fee.

Due to the complexity, breadth and novelty of bill's requirements, Ecology doesn't have sufficient knowledge or background to determine ongoing enforcement costs. Enforcement would also depend on how the plan is being implemented, as well as what requests or complaints we are getting from stakeholders. Therefore, our enforcement costs and associated cash receipts on these elements are indeterminate.

Section 17 Penalty: Ecology would be authorized to impose a civil penalty of up to \$1,000 per violation per day on any person who violates this chapter. Ecology assumes penalties would deter non-compliance and therefore assumes no new penalty revenue.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 3

Ecology assumes we would need to assemble a list of all plastic packaging and producers that sell into the state and notify them of the requirements to participate in a product stewardship program. In British Columbia there are 13,000 members of their packaging program (which includes more than plastics). Since Washington and the United States have a greater population than BC or Canada, we assume there are more producers of products. Given the vast array of plastic packaging and the large number of producers who use plastic packaging, we estimate this would take 2.0 FTE Environmental Specialist 3 (ES3) in FY20 to gather all this information and create a database of producers to notify, as well as figure out who is exempt from these requirements. This would give producers a year to prepare for joining a product stewardship plan by the time it is due on June 1, 2021, and before a sales ban takes effect on January 1, 2022. We assume this work would taper off to 0.50 FTE ES3 in FY21, 0.25 FTE ES3 in FY22, and 0.15 FTE ES3 in FY23 to keep the list current, to find new producers that sell into the state, or producers we missed. Ecology assumes some AAG support would be required. This AAG effort is combined and shown under section 14.

Section 11

Ecology assumes time is needed to implement financial incentives and have them make impacts to redesigning plastic packaging; therefore, we assume it will be 2026 or later before incentives are proposed for removal. This work would be part of Ecology's routine plan amendment review and approval process.

Section 12

A PSO would be required to update its stewardship plan and submit the plan to Ecology two years after the program begins, and then every five years thereafter. Ecology assumes the first plan update would be due July 1, 2024, and subsequent plans due every five years thereafter. Costs for plan update are described in section 17.

Section 13

Beginning April 1, 2023, and annually thereafter, a product stewardship organization (PSO) would be required to submit an annual report to Ecology in a format developed by Ecology. The annual report would have to cover all of the requirements in sections 4 through 15 of the bill, as well additional reporting. We estimate one-time need for 0.15 FTE Environmental Specialist 5 (ES5) and 0.10 FTE Environmental Specialist 4 (ES4) in FY20 to create this detailed report template.

Section 14

Certain products that don't have recycled content would be prohibited from sales. Ecology assumes it would have

an enforcement role and enforcement would be compliance based.

Beginning January 1, 2020, only plastic collection bins made from at least twenty-five percent postconsumer plastic recycled content would be authorized for sale, could be offered for sale, or distributed for use. Beginning July 1, 2019, we would assemble a list of all local governments, waste and recycling service providers and companies that manufacture plastic collection bins so that we can notify them of the recycled content requirements. We may also keep a list of all those who are purchasing bins and all companies who are providing recycled content bins. Ecology estimates the following efforts would be required: 0.20 FTE ES3 FY20, 0.10 FTE FY21, and 0.05 FTE FY22.

Beginning January 1, 2023, only rigid plastic packaging containers and plastic film bags containing at least twenty-five percent postconsumer packaging material would be authorized for sale, could be offered for sale, or distributed for use. Once the stewardship plan is submitted on June 1, 2021, Ecology would use the information producers provided in the plan to determine who to notify of this requirement. Given the time to change manufacturing processes, Ecology would want to notify these producers as soon as possible. Labeling would be required for these products, and in order to have clear consistent labels statewide, this could be done in rule. It could then be enforced, starting January 1, 2023, by staff checking for compliance on products, and following up with letters and calls for those who are not compliant. Ecology estimates the following efforts would be required: 0.5 FTE ES3 FY22, 0.5 FTE FY23, and 0.25 FTE FY24.

Upon consultation with the AGO, Ecology estimates that 0.1 FTE of AAG (\$22,000) would be required each fiscal year from FY20 through FY24 to provide legal advice and representation related to enforcement of the bans under sections 3 and 14.

Section 15

Ecology would be required to represent the agency on the advisory committee. Ecology assumes the program lead would represent Ecology on the committee. We assume program staff would attend quarterly meetings for the first few years as the program gets established, and then annually thereafter. Based on similar experience with the E-Cycle product stewardship program, Ecology assumes this would be part of the program lead's job duties.

Section 16

Beginning April 1, 2023 and annually thereafter, Ecology would determine the annual program cost and invoice the PSO for the following fiscal year. Based on legislative intent, Ecology assumes the first annual invoice would be determined by April 1, 2022 for FY23. The PSO would submit payment by June 30, 2022 and annually thereafter. In addition to the annual costs, each PSO would be required to submit a one-time payment of \$200,000 to cover rule making, initial program oversight, and other costs anticipated prior to June 30, 2022. Ecology assumes the intent is to cover costs incurred by Ecology from FY20 through FY23. Ecology further assumes there will only be one PSO.

We assume the program technical expert (ES4) with help from the budget manager, would prepare this annual billing, starting in FY22, and annually thereafter. We further assume that for first 5 years or more, the program will be changing and evolving considerably, as new aspects of the program, such as the recycled content requirements, come into play. Therefore, the annual billing may vary from year to year. The one-time invoice for the program start-up costs would occur in FY22. We estimate this would require 0.05 FTE ES4 in FY22 (one-time and annual billings), and 0.02 FTE ES4 in FY23 and FY24 as well as future years in which billing occurs. Ecology assumes there would be an indeterminate amount of ongoing annual programmatic costs and related revenue, therefore no costs or revenue are displayed for those fiscal years.

Section 17

Ecology would be required to review any plastic packaging products stewardship plans in 120 days, and any amended plans in 90 days. Based on our other stewardship programs, and the experience of the packaging product stewardship program in British Columbia, we assume there will be one plan submitted. We do not assume any amendments in FY25, assuming program implementation would begin July 1, 2022.

As part of the plan or amendment review process, the Department would check plans against all requirements, approve plans that meet all requirements, and provide notice to stewardship organizations for plans that do not meet requirements. Ecology assumes one stewardship plan would be submitted to Ecology by June 1, 2021, and estimates 0.25 FTE ES5 and 0.25 FTE ES4 would be needed to review and approve the first plan in FY22. We further assume 0.10 FTE ES5 and 0.10 FTE ES4 would be needed to review the plan update in FY24, and once every five years thereafter. Upon consultation with the AGO, we estimate 0.15 FTE AAG support (\$34,000) would be required in FY22.

Upon approval, Ecology would be required to make plans and plan amendments available for public review and comment for thirty days. We assume new webpages will need to be developed to post the plans and explain the program. Ecology estimates one-time need for 0.05 FTE Communications Consultant 3 in FY20 to create the new webpages. We assume posting of plans and updating of the webpages would be done as part of routine maintenance.

Ecology would be authorized to impose civil penalties for a violation of the chapter. We do not assume we will be imposing civil penalties, rather we would be enforcing on a compliance basis. But we assume this section and other areas in the bill that reference enforcement (sections 16 and 19) would mean the agency has responsibility to enforce on all sections of this chapter.

In addition to enforcing the sales bans in Sections 3 and 14, Ecology would also need to enforce on other elements of the plan that are being implemented, including collection requirements (Section 5); sorting and processing requirements (Section 6); litter clean-up requirements (Section 7); outreach, education and communication requirements (Section 8); and the recycled content trade mechanism (Section 9). Due to the complexity, breadth and novelty of these requirements, Ecology doesn't have sufficient knowledge or background to determine ongoing enforcement costs. Enforcement would also depend on how the plan is being implemented, as well as what requests or complaints we are getting from stakeholders. Therefore, our enforcement costs on these elements are indeterminate.

Based on the complexity of producer and types of plastic packaging, and the many requirements contained in this bill, we assume we would need to write rules for administering and enforcing this chapter, including the recycled content requirements. Upon consultation with the AGO, Ecology assumes rules would start on July 1, 2019 and be adopted by January 1, 2021, prior to the stewardship plan submittal on June 1, 2021. Completing the rules prior to the plan submittal would provide the detailed requirements necessary for the PSO to develop the stewardship plan.

Developing rules is estimated to require:

0.85 FTE ES5 FY20 and 0.425 FTE FY21 (rulemaking lead), to oversee the rulemaking process to comply with the Administrative Procedures Act; prepare rule development and communication plan; prepare and file CR-101; work with technical staff to draft rule language, coordinate and conduct four stakeholder meetings, public outreach; file CR-102 and hold two public hearings with webinars access; work with economist on economic analysis; work with technical staff to finalize rule language; and file CR-103 for adoption.

0.85 FTE ES4 FY20 and 0.425 FTE FY21 (technical expert), to provide technical support to rulemaking lead, identify stakeholders, coordinate stakeholder meetings and public outreach, draft rule language, and respond to stakeholder questions.

1.0 FTE Community Outreach and Environmental Education Specialist 3 FY20 and 0.5 FTE FY21 (outreach specialist) would support with stakeholders outreach, plain talk documents, such as hearing notices, FAQs, and response to comments; provide publication numbers; and post documents to website.

Upon consultation with the AGO, Ecology assumes AAG legal advice support would be required for rulemaking. We estimate 0.3 FTE AAG (\$69,000) in FY20 and 0.15 FTE AAG (\$34,000) in FY21.

0.25 FTE of an Economic Analyst 3, and 0.1 FTE of a Regulatory Analyst 2 in FY21 (Economic Research Staff), to complete economic and regulatory analysis in support of the rule as required by law.

Due to the large and a varied amount of public interest, Ecology assumes three public meetings and three public hearings for this rulemaking. Each event will offer remote participation via webinar. Public meetings typically occur during the rule development process to gather ideas and feedback from the public. Ecology holds public hearings during the public comment period to receive oral comments from the public. Ecology assumes these meetings would be held at a public venues.

Note: Ecology assumes expenditures for this new activity in State Toxics Control Account-State until fee revenue can support costs in the new Responsible Plastic Packaging Stewardship Account beginning in FY 2022. Under Section 16, the stewardship administration fee would begin in FY 2022, therefore, there would be no fund balance or cash in the account to fund Ecology’s costs in FY 2020 and 2021.

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 37.1% of salaries.

Goods and Services are the agency average of \$4,230 per direct program FTE. Also included are AAG costs of \$92,000 in FY20, \$57,000 per year in FY21 and FY22, and \$22,000 per year in FY23 and FY24.

Travel is the agency average of \$2,577 per direct program FTE.

Equipment is the agency average of \$1,319 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.7% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT Specialist 2.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
173-1	State Toxics Control Account	State	712,508	342,965	1,055,473	18,628	0
NEW-1	Responsible Plastic Packaging Stewardship Account	State	0	0	0	296,539	78,897
Total \$			712,508	342,965	1,055,473	315,167	78,897

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	6.0	2.7	4.3	1.2	0.3
A-Salaries and Wages	325,190	150,305	475,495	123,577	29,848
B-Employee Benefits	120,646	55,764	176,410	45,848	11,074
E-Goods and Other Services	113,998	66,730	180,728	87,548	23,989
G-Travel	13,400	5,928	19,328	5,207	1,212
J-Capital Outlays	6,859	3,036	9,895	2,666	620
9-Agency Administrative Overhead	132,415	61,202	193,617	50,321	12,154
Total \$	712,508	342,965	1,055,473	315,167	78,897

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
COMMTY OUT&ENV ED SPEC 3	57,718	1.0	0.5	0.8		
COMMUNICATIONS CONSULT 3	60,639	0.1		0.0		
ECONOMIC ANALYST 3	77,618		0.3	0.1		
ENVIRONMENTAL SPEC 3	57,718	2.2	0.6	1.4	0.7	0.1
ENVIRONMENTAL SPEC 4	66,894	1.0	0.4	0.7	0.2	0.1
ENVIRONMENTAL SPEC 5	73,910	1.0	0.4	0.7	0.1	0.1
FISCAL ANALYST 2		0.5	0.2	0.4	0.1	0.0
IT SPECIALIST 2		0.3	0.1	0.2	0.1	0.0
REGULATORY ANALYST 2	75,683		0.1	0.1		
Total FTEs		6.0	2.7	4.3	1.2	0.3

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 17 would authorize Ecology to adopt rules for the purpose of implementing, administering, and enforcing this chapter. Ecology assumes rules would be required for enforcement, plan content, and determining annual costs for the PSO.

Individual State Agency Fiscal Note

Bill Number: 5397 SB	Title: Plastic packaging	Agency: 468-Environmental and Land Use Hearings Office
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Part I: Estimates

☒ No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/18/2019
Agency Preparation: Kay Brown	Phone: (360) 664-9160	Date: 01/30/2019
Agency Approval: Nina Carter	Phone: 360 664-9171	Date: 01/30/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 01/30/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 3: With certain exemptions, a producer of plastic packaging may not sell or distribute plastic packaging for use in Washington unless the producer is participating in a plastic packaging stewardship organization with a plan approved by the Department of Ecology.

Section 17 and 20: The Department of Ecology may assess a civil penalty of up to \$1,000 per day per violation of the bill's requirements. Persons who intentionally, knowingly, or negligently violate the requirements may be subject to a civil penalty of up to \$10,000 per violation per day. The civil penalties may be appealed to the Pollution Control Hearings Board (PCHB).

Considering the PCHB's current workload, the PCHB could probably absorb the additional appeal processing, and would not require any additional staff. Therefore, no fiscal impact should occur from the passage of the bill.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Revised

Department of Commerce

Bill Number: 5397 SB	Title: Plastic packaging
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Cities participating in advisory committees
- ☒ Counties: Same as above
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: Number of stewardship organizations and the scope of their work.

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Indeterminate Impact

Part III: Preparation and Approval

Fiscal Note Analyst: Tom Gilmore	Phone: 360-725-5038	Date: 01/25/2019
Leg. Committee Contact:	Phone:	Date: 01/18/2019
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/25/2019
OFM Review: Linda Steinmann	Phone: 360-902-0573	Date: 01/28/2019

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

Section 5 of this bill provides the context under which curbside or multifamily recycling collection must be included for plastic packaging collection.

Section 8(2) of this bill would require product stewardship organizations to coordinate with and assist local municipal programs, and municipal contracted programs in outreach and education.

Section 10 would require plastic producers to cover full costs of services provided by municipal programs and municipal contracted programs.

Section 15 of this bill would require representatives for cities and counties to be included in stewardship organization advisory committees. These meetings would be held at least once per year. The location and number of stewardship organizations is not known at this time.

Section 18 of this bill would recommend that local governments invest ten percent of cost savings resulting from this bill toward reducing the use of single use plastics, and to use further cost savings to reduce service costs to customers.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill would have indeterminate impact on local government expenditures.

Section 5) - Some local governments may provide curbside and multifamily recycling collection for stewardship organizations through existing municipal or municipal contracted programs, and indeterminate costs expected to be equal to the revenue identified under section 10.

Section 8) - Stewardship organizations will coordinate and assist in out reach and education programs leading to indeterminate decreased costs to local governments.

Section 15) - Based on Department of Ecology assumptions, there would be one statewide stewardship organization. The Local Government Fiscal Note Program assumes that the associations for cities and counties would represent their members at any advisory meetings.

Section 18) - Local governments are encouraged to dedicate at least ten percent of cost savings, if any, to decrease the use of single use plastics. This cost is indeterminate and expected to equal ten percent of the cost savings identified under section 8.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

Section 10)- Local governments would receive payments equal to the costs of services provided to stewardship organizations, these funds would be paid by plastics producers. This revenue is expected to be equal to the costs identified under section 5.

Section 18) - Local governments are encourage to use savings identified under section 8 to decrease rates to ratepayers. This would result in an indeterminate loss of revenue expected to equal 90 percent of the cost savings identified under section 8.

SOURCES:

Department of Ecology